

## HDFC Bank

### Performance Highlights

Particulars (₹ cr)	3QFY11	2QFY11	% chg (qoq)	3QFY10	% chg (yoy)
NII	2,777	2,526	9.9	2,224	24.9
Pre-Prov Profit	2,073	1,807	14.7	1,624	27.7
<b>PAT</b>	<b>1,088</b>	<b>912</b>	<b>19.3</b>	<b>819</b>	<b>32.9</b>

Source: Company, Angel Research

For 3QFY2011, HDFC Bank reported 19.3% qoq and 32.9% yoy growth in net profit to ₹1,088cr, in line with our estimate of ₹1,091cr. However, operating income surpassed our estimate, which was offset by higher provisioning expenses, which aided in further improving the provision coverage ratio. **We maintain our Buy recommendation on the stock.**

**Robust performance on all parameters:** Gross advances registered healthy growth of 32.7% yoy compared to industry growth of 24.4%. Deposits also registered an impressive growth of 24.2% yoy compared to industry growth of 16.5%. Pace of CASA deposits accretion moderated a bit with yoy growth of 21.4% as against ~34% yoy growth in 1HFY2011. CASA ratio continued to remain strong at 50.5% of total deposits. Reported NIMs were stable sequentially at 4.2%. The bank recorded healthy NII growth of 9.9% qoq and 24.9% yoy to ₹2,777cr. Fee income grew by a healthy 22.5% yoy. The bank's asset quality further improved during the quarter, with the gross NPAs decreasing 3.2% qoq and net NPAs falling 19.1% qoq. NPA provision coverage ratio (excluding write-offs) improved further to 81.4% from 77.8% in 2QFY2011. The bank's capital adequacy remained strong at 16.3%, with tier-1 constituting 74.2%.

**Outlook and Valuation:** At the CMP, the stock is trading at 3.3x FY2012E P/ABV of ₹628, which is below our target multiple of 4.0x (benchmarked at 30% premium to our Sensex target multiple). We believe HDFC Bank is well positioned for high qualitative growth, with the CASA and cost-to-income ratio returning to pre-CBoP levels. In our view, with strong capital adequacy and healthy branch expansion, the bank is set to further gain credit and CASA market share accompanied by reduction in NPA provision costs. We maintain a Buy recommendation on the stock, with a Target Price of ₹2,499.

### Key Financials

Y/E March (₹ cr)	FY2009	FY2010	FY2011E	FY2012E
NII	7,421	8,387	10,548	13,438
% chg	42.0	13.0	25.8	27.4
<b>Net Profit</b>	<b>2,245</b>	<b>2,949</b>	<b>3,928</b>	<b>5,279</b>
% chg	41.2	31.3	33.2	34.4
NIM (%)	4.9	4.3	4.4	4.4
<b>EPS (₹)</b>	<b>52.8</b>	<b>64.4</b>	<b>85.8</b>	<b>115.3</b>
P/E (x)	38.9	31.9	23.9	17.8
P/ABV (x)	5.8	4.4	3.8	3.3
RoA (%)	1.4	1.5	1.6	1.7
RoE (%)	16.9	16.1	17.1	19.9

Source: Company, Angel Research

## BUY

CMP	₹2,052
Target Price	₹2,499

Investment Period	12 Months
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### Stock Info

Sector	Banking
Market Cap (₹ cr)	95,173
Beta	1.0
52 Week High / Low	2,518/1,550
Avg. Daily Volume	77,287
Face Value (₹)	10
BSE Sensex	18,684
Nifty	5,604
Reuters Code	HDBK.BO
Bloomberg Code	HDFCB@IN

### Shareholding Pattern (%)

Promoters	23.4
MF / Banks / Indian Fls	10.9
FII / NRIs / OCBs	48.1
Indian Public / Others	17.7

Abs. (%)	3m	1yr	3yr
Sensex	(6.6)	14.7	1.8
HDFC Bank	(9.0)	28.5	28.1

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**Exhibit 1: 3QFY2011 performance**

Particulars (₹ cr)	3QFY11	2QFY11	% chg (qoq)	3QFY10	% chg (yoy)
Interest earned	5,230	4,810	8.7	4,035	29.6
Interest expenses	2,453	2,284	7.4	1,811	35.5
<b>Net interest income</b>	<b>2,777</b>	<b>2,526</b>	<b>9.9</b>	<b>2,224</b>	<b>24.9</b>
Non-interest income	1,128	961	17.4	853	32.2
<b>Operating income</b>	<b>3,905</b>	<b>3,487</b>	<b>12.0</b>	<b>3,077</b>	<b>26.9</b>
Operating expenses	1,832	1,680	9.0	1,453	26.1
<b>Pre-prov. profit</b>	<b>2,073</b>	<b>1,807</b>	<b>14.7</b>	<b>1,624</b>	<b>27.7</b>
Provisions & cont.	466	454	2.5	448	4.1
PBT	1,607	1,353	18.8	1,176	36.6
Prov. for taxes	519	440	17.8	357	45.2
<b>PAT</b>	<b>1,088</b>	<b>912</b>	<b>19.3</b>	<b>819</b>	<b>32.9</b>
EPS (₹)	23.4	19.7	18.8	18.0	30.3
Cost-to-income ratio (%)	46.9	48.2		47.2	
Effective tax rate (%)	32.3	32.6		30.4	
Net NPA (%)	0.2	0.3		0.5	

Source: Company, Angel Research

**Exhibit 2: 3QFY2011 Actual v/s Estimates**

Particulars (₹ cr)	Actual	Estimates	Var (%)
Net interest income	2,777	2,646	5.0
Non-interest income	1,128	1,062	6.2
<b>Operating income</b>	<b>3,905</b>	<b>3,708</b>	<b>5.3</b>
Operating expenses	1,832	1,749	4.7
<b>Pre-prov. profit</b>	<b>2,073</b>	<b>1,959</b>	<b>5.8</b>
Provisions & cont.	466	372	25.2
PBT	1,607	1,587	1.2
Prov. for taxes	519	496	4.6
<b>PAT</b>	<b>1,088</b>	<b>1,091</b>	<b>(0.3)</b>

Source: Company, Angel Research

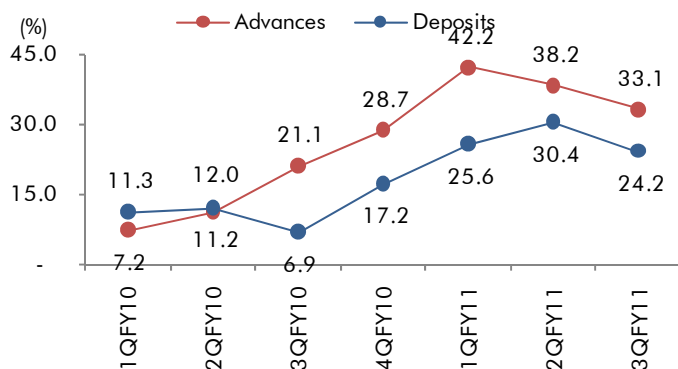
**Strong business growth with profitability**

Gross advances registered strong growth of 32.7% yoy to ₹1,60,619cr compared to industry's credit growth of 24.4%. While on a sequential basis, growth momentum was muted with growth of 1.3% qoq (mainly on account of repayment of one-off loans taken by telecom companies for 3G licenses of ~₹6,000-7,000cr, given in 1QFY2011) compared to industry growth of ~9% qoq. Adjusted for the repayment, growth for the quarter would have been ~5%.

Deposits reached ₹1,92,202cr in 3QFY2011, up by a healthy 24.2% yoy. On a qoq basis, deposits de-grew by 1.6% which was likely on account of lower IPO floats. Bank's CASA growth moderated during 3QFY2011, with the CASA deposits growing by 21.4% yoy compared to 37.4% yoy growth in 1QFY2011 and 31.1% yoy growth in 2QFY2011. Saving account deposits increased 30.7% yoy, while current account deposits grew by 8.3% yoy. The bank continued to maintain a strong CASA ratio in excess of 50% (50.5%).

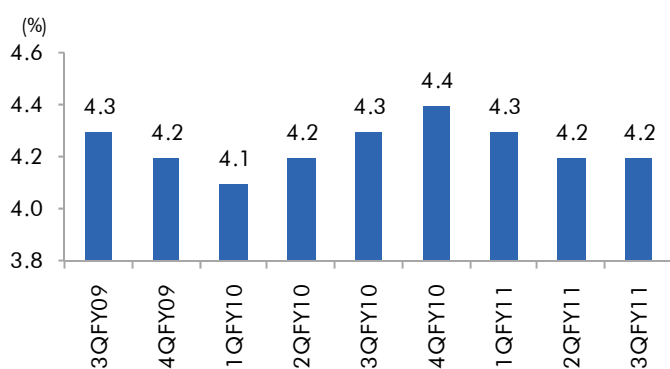
On account of higher growth in advances and marginal shrinkage in deposits sequentially, the bank's credit-deposit ratio improved to 82.8% from 80.4% in 2QFY2011. Reported NIM for 3QFY2011 was sequentially stable at 4.2%. Consequently, net interest income registered a healthy growth of 9.9% qoq and 24.9% yoy to ₹2,777cr.

**Exhibit 3: Healthy balance sheet growth...**



Source: Company, Angel Research

**Exhibit 4: ...while maintaining margins**

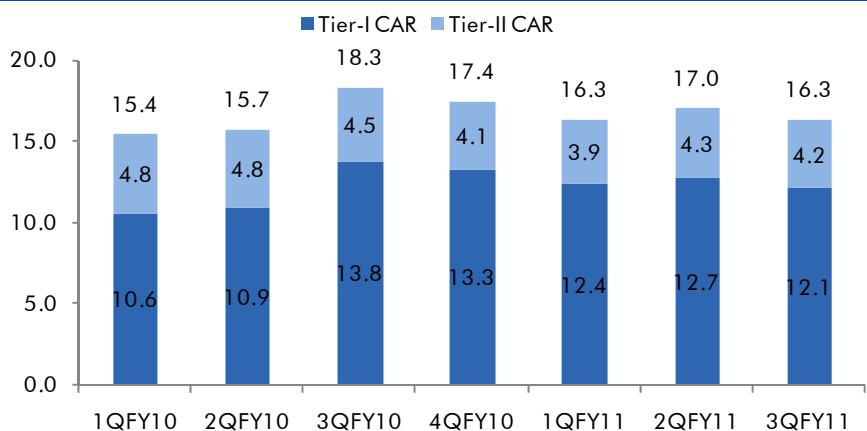


Source: Company, Angel Research

**Strong capital adequacy, branch expansion to drive credit and CASA market share gains, respectively**

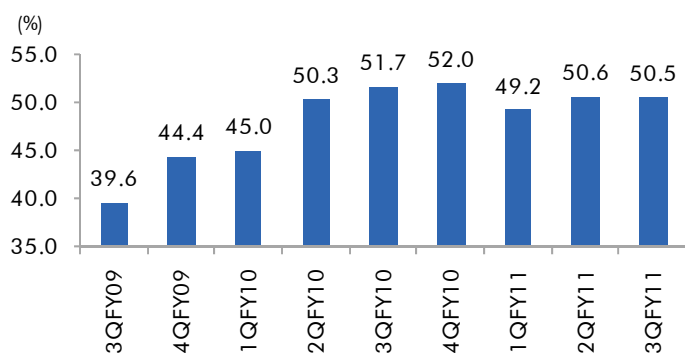
The bank's total capital adequacy (CAR) remained strong at 16.3%, with tier-1 constituting 74.2% of the total CAR. The bank's capital adequacy will be further bolstered in 4QFY2011 on account of FY2011 profit getting included in computation of tier-I. On the back of this strong CAR, we expect the bank to increase its credit market share over FY2011-12. Accordingly, we expect the bank to record credit growth of 32% for FY2011 and 30% for FY2012 compared to 27.3% growth in FY2010.

**Exhibit 5: Strong capital adequacy**

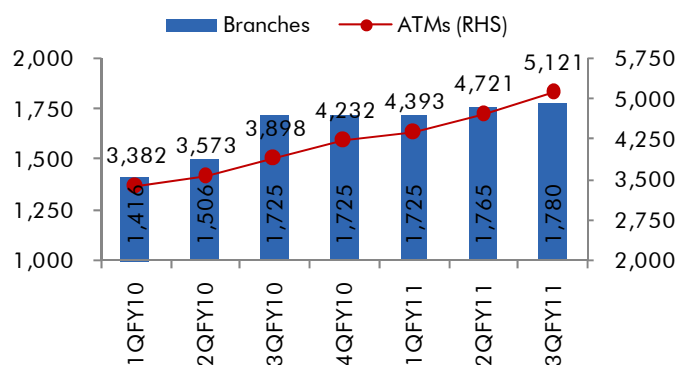


Source: Company, Angel Research

Importantly, the bank's CASA deposits also grew by 21.4% yoy, driven by 30.7% yoy growth in savings deposits. The strong traction in CASA growth over the past one year can be attributed to the bank's aggressive branch expansion during FY2009-10 and increasing productivity of CBoP's branch network. The bank plans to open 150 branches during FY2011 of which it opened 55 branches during 9MFY2011. In FY2012 too, the bank plans to open 150 branches, ~8-10% increase in the branch network. Management indicated that branches opened in the past couple of years as well as the acquired CBoP branches are operating close to optimum levels in terms of productivity and other parameters set by the bank. Against this backdrop, we expect the bank to sustain its CASA ratio in the 49-52% range going forward, factoring in the healthy market share gains on the CASA front as well.

**Exhibit 6: CASA ratio remain strong**


Source: Company, Angel Research

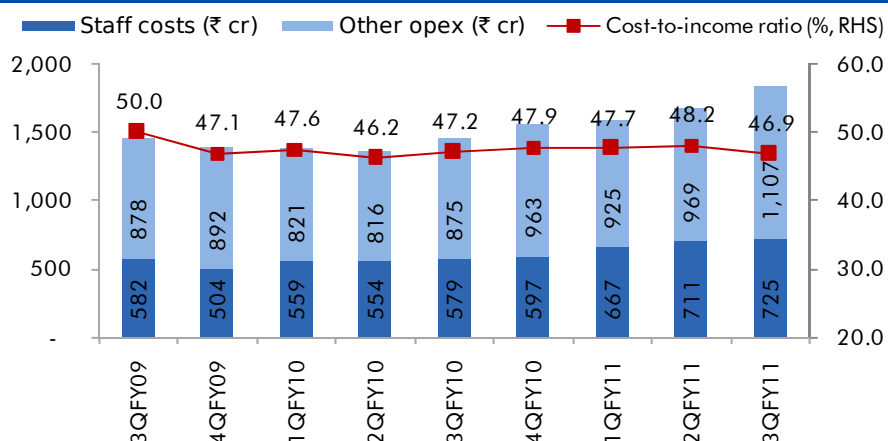
**Exhibit 7: Branch expansion to pick up in 4QFY2011**


Source: Company, Angel Research

### Cost-to-income ratio improves on the back of higher income

During 3QFY2011, the bank's cost-to-income ratio improved to 46.9% from 48.2% in 2QFY2011 on the back of the 12% qoq increase in operating income compared to 9% qoq increase in operating expenses. Operating expenses moved up 26.1% yoy on account of the 25.3% yoy rise in employee expenses and 26.5% increase in other operating expenses. During the quarter, other operating expenses increased by 14.2% qoq to ₹1,107cr mainly on account of opex cost of ~80-90 branches, which are to be opened in 4QFY2011 and were included in the run rate. Going forward, management expects the higher run rate to continue. Accordingly, we have increased our other opex cost estimates by 2.0% each for FY2011 and FY2012.

**Exhibit 8: Improving Cost to income ratio**



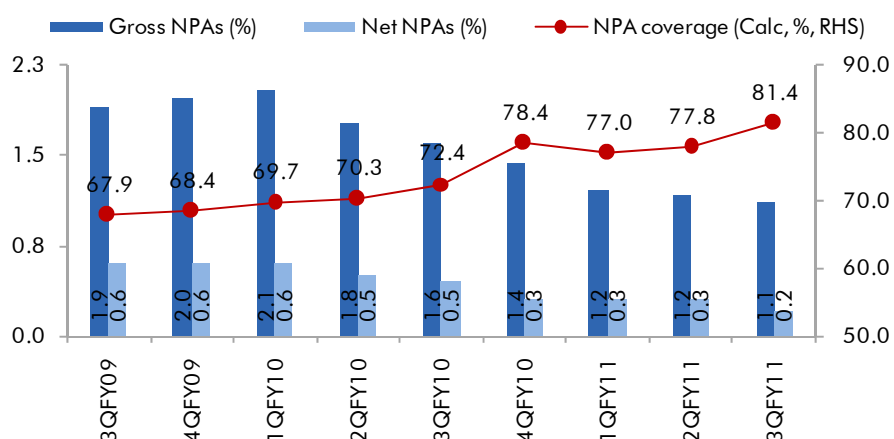
Source: Company, Angel Research

### Improving asset quality

The bank's asset quality improved sequentially as well as on a yoy basis. Gross NPAs were down 3.2% qoq and 9.7% yoy to ₹1,782cr, while Net NPAs declined by 19.1% qoq and 39.2% yoy to ₹331cr. The gross NPA ratio improved to 1.1% from 1.2% in 2QFY2011 and the net NPA ratio improved to 0.2% from 0.3% in 2QFY2011. The NPA coverage ratio excluding technical write-offs improved to 81.4% from 77.8% in 2QFY2011 and 72.4% in 3QFY2010. Total restructured assets were 0.3% of gross advances, which is among the lowest in the sector.

Provisions for the quarter were ₹466cr, of which ₹438cr was towards NPAs. Provisions to average assets declined from 1.1% in FY2010 to 0.7% in 3QFY2011.

**Exhibit 9: Improving asset quality**



Source: Company, Angel Research

### Healthy fee income growth

Non-interest income stood at ₹1,129cr, up 17.9% qoq and 25.8% yoy, on the back of the healthy 22.5% increase in fee income and 40.5% growth in other income from foreign exchange and derivative revenues. There was a loss of ₹31cr

on sale/revaluation of investments compared to a loss of ₹52cr in 2QFY2011 and ₹27cr in 3QFY2010.

#### Exhibit 10: Healthy fee income growth

Particulars (₹ cr)	3QFY11	2QFY11	% chg (qoq)	3QFY10	% chg (yoy)
Fees & Commission	943	857	10.0	770	22.5
Treasury Income	(31)	(52)	(41.1)	(27)	15.8
Forex Income & Others	217	152	42.4	154	40.5
	<b>1,129</b>	<b>957</b>	<b>17.9</b>	<b>898</b>	<b>25.8</b>

Source: Company, Angel Research; Note: Data as per reclassified figures

## Investment Arguments

### Strong capital adequacy, expanding network to sustain traction in credit market share and CASA deposits

In 3QFY2011, the bank's capital adequacy stood at a strong 16.3%, with tier-1 comprising a substantial 74.3%. On the back of this strong CAR, we expect the bank to increase its credit market share over FY2011-12. Accordingly, we expect the bank to grow its advances by 32% in FY2011 and 30% in FY2012.

The bank's strong and profitable growth over the last five years (FY2005–10) was supported by significant traction in CASA market share (from 3.3% in FY2005 to 5.2% in FY2010). The dominant transaction banking business lies at the core of the bank's strength in CASA deposits. Moreover, post the merger of CBoP, the bank's branch network moved up at 30% CAGR during FY2005–10. By increasing CASA mobilisation at the branches, continuing to expand its network at a healthy pace and leveraging its comprehensive product range and strong brand, we believe HDFC Bank would be in a position to further increase its CASA market share going ahead.

### Comprehensive product portfolio, effective cross-selling to sustain traction in fee income

Apart from the traditional CEB and forex income, the bank earns substantial fee income from transaction banking, cards and third-party distribution, among others. Overall, the bank's core fee income increased at a CAGR of 30% over FY2008-10, and stood at around 1.7% of ATA in FY2010 (1.7% of ATA in 3QFY2011 as well), one of the best in the sector and another significant competitive advantage.

### Improvement in asset quality

The bank has been able to improve its asset quality constantly as reflected in the provisions to average assets, which has declined from 1.1% in FY2010 to 0.7% in 9MFY2011. Accordingly, we have factored in slippages of 1.7% and 1.5% in FY2011 and FY2012 respectively, as against slippages of 2.6% in FY2010. We expect the provisions-to-average assets to decline from 1.1% in FY2010 to 0.7% in FY2011 and to 0.5% in FY2012. Hence, we expect the bank to post 33.8% CAGR in PAT over FY2010-12. Consequently, RoE is expected to improve from 16.1% in FY2010 to 19.9% in FY2012.

## Outlook and Valuation

We believe HDFC bank is among the most competitive banks in the sector, with an A-list management at the helm of affairs that has one of the best track records in the sector. At the CMP, the stock is trading at 17.8x FY2012E EPS of ₹115.3 and 3.3x FY2012E P/ABV of ₹625. We believe the bank is well positioned for high qualitative growth, with the CASA and cost-to-income ratio returning to pre-CBoP levels. HDFC Bank has commanded 32.9% premium to the Sensex in terms of its one-year forward P/E multiple over the last five years. We expect the premium to be around its historical average on account of the robust growth and RoE prospects over the next two years. Hence we have assigned a multiple of 4.0x FY2012E P/ABV to arrive at a Target Price of ₹2,499. **We maintain our Buy recommendation on the stock.**

### Exhibit 11: Key assumptions

Particulars (%)	Earlier Estimates		Revised Estimates	
	FY2011E	FY2012E	FY2011E	FY2012E
Credit growth	32.0	30.0	32.0	30.0
Deposit growth	29.0	30.0	27.0	30.0
CASA ratio	51.3	50.4	52.2	51.2
NIMs	4.3	4.3	4.4	4.4
Other income growth	7.2	24.5	7.2	24.5
Growth in staff expenses	25.0	28.5	25.0	28.5
Growth in other expenses	15.0	28.5	19.0	28.5
Slippages	1.7	1.5	1.7	1.5
Coverage ratio	83.6	89.4	83.6	89.4
Treasury gain/(loss) (% of investments)	0.1	0.1	0.1	0.1

Source: Company, Angel Research

### Exhibit 12: Change in Estimates

Particulars (₹ cr)	FY2011			FY2012		
	Earlier Estimates	Revised Estimates	Var. (%)	Earlier Estimates	Revised Estimates	Var. (%)
NII	10,365	10,548	1.8	13,192	13,438	1.9
Non-interest income	4,086	4,084	(0.0)	5,088	5,085	(0.1)
<b>Operating income</b>	<b>14,452</b>	<b>14,632</b>	<b>1.2</b>	<b>18,280</b>	<b>18,523</b>	<b>1.3</b>
Operating expenses	6,858	6,997	2.0	8,813	8,991	2.0
<b>Pre-prov. profit</b>	<b>7,593</b>	<b>7,635</b>	<b>0.5</b>	<b>9,468</b>	<b>9,531</b>	<b>0.7</b>
Provisions & cont.	1,860	1,859	(0.1)	1,770	1,768	(0.1)
PBT	5,734	5,776	0.7	7,697	7,763	0.9
Prov. for taxes	1,792	1,848	3.2	2,406	2,484	3.3
<b>PAT</b>	<b>3,942</b>	<b>3,928</b>	<b>(0.4)</b>	<b>5,292</b>	<b>5,279</b>	<b>(0.2)</b>

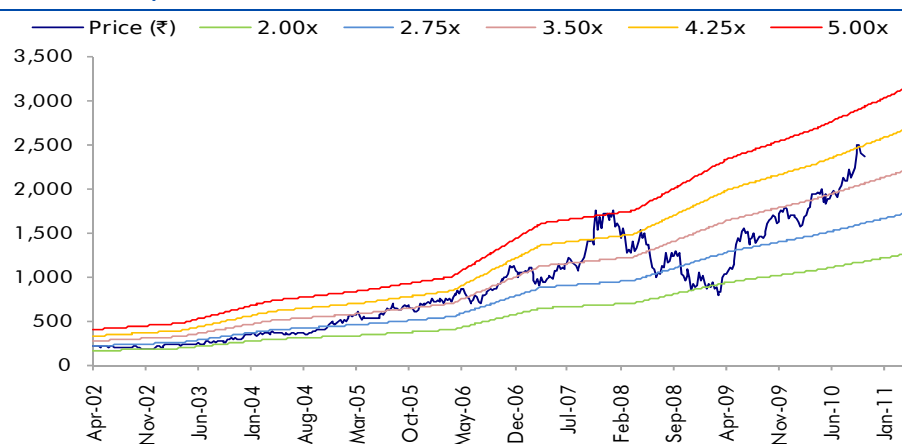
Source: Company, Angel Research

**Exhibit 13: Angel EPS forecast v/s consensus**

Year (₹)	Angel Forecast	Bloomberg Consensus	Var.(%)
FY2011E	85.8	84.2	1.9
FY2012E	115.3	109.4	5.4

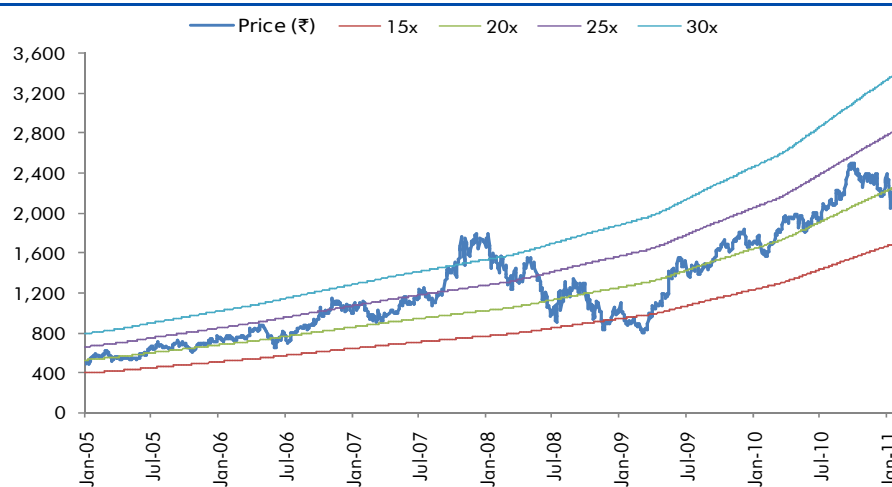
Source: Company, Bloomberg, Angel Research

**Exhibit 14: P/ABV band**

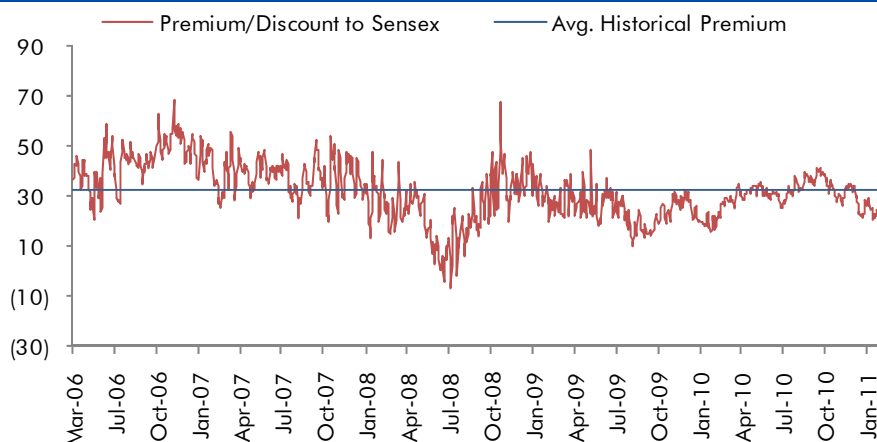


Source: Company, Angel Research

**Exhibit 15: P/E band**



Source: Company, Angel Research

**Exhibit 16: Premium/Discount to Sensex - HDFC Bank**


Source: Company, Angel Research

**Exhibit 17: Recommendation summary**

Company	Reco	CMP (₹)	Tgt. price (₹)	Upside (%)	FY2012E P/ABV (x)	FY2012E Tgt. P/ABV (x)	FY2012E P/E (x)	FY10-12E EPS CAGR (%)	FY2012E RoA (%)	FY2012E RoE (%)
AxisBk	Buy	1,299	1,688	30.0	2.5	3.2	12.9	27.6	1.6	20.8
FedBk	Buy	360	505	40.4	1.1	1.5	7.9	29.1	1.4	14.2
<b>HDFCBk</b>	<b>Buy</b>	<b>2,052</b>	<b>2,499</b>	<b>21.8</b>	<b>3.3</b>	<b>4.0</b>	<b>17.8</b>	<b>34.0</b>	<b>1.7</b>	<b>19.9</b>
ICICIBk*	Buy	1,017	1,312	29.0	2.0	2.6	16.7	29.7	1.5	15.8
SIB	Neutral	21	-	-	1.3	-	7.6	16.9	1.0	17.4
YesBk	Buy	265	313	17.9	2.0	2.4	12.3	23.8	1.3	17.9
BOI	Accumulate	460	500	8.6	1.4	1.5	7.5	36.4	0.9	19.9
CorpBk	Buy	556	654	17.6	1.0	1.2	5.6	10.4	1.0	19.3
DenaBk	Buy	103	138	33.7	0.9	1.2	5.2	8.4	1.0	20.9
IndBk	Buy	220	285	29.5	1.0	1.3	5.2	9.6	1.4	21.2
IOB	Buy	128	166	30.1	0.9	1.2	6.6	22.2	0.6	14.3
J&KBk	Buy	719	1,063	47.8	0.9	1.3	5.6	14.4	1.3	18.1
OBC	Buy	344	437	27.0	0.9	1.1	4.9	24.5	1.1	19.0
PNB	Accumulate	1,117	1,259	12.7	1.5	1.7	7.5	9.8	1.2	21.9
SBI*	Buy	2,654	3,490	31.5	2.0	2.6	11.0	29.2	1.1	20.4
UcoBk	Neutral	108	-	-	1.1	-	5.0	8.5	0.8	29.5
UnionBk	Buy	325	389	19.6	1.3	1.6	7.0	6.3	1.0	20.8

Source: Angel Research; Note: \*Target multiples=SOTP target price/ABV (including subsidiaries)

**Income statement**

Y/E March (₹ cr)	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E
Net Interest Income	2,546	3,710	5,228	7,421	8,387	10,548	13,438
- YoY Growth (%)	43.2	45.7	40.9	42.0	13.0	25.8	27.4
Other Income	1,214	1,510	2,205	3,471	3,811	4,084	5,085
- YoY Growth (%)	90.4	24.4	46.0	57.4	9.8	7.2	24.5
Operating Income	3,759	5,220	7,433	10,892	12,197	14,632	18,523
- YoY Growth (%)	55.7	38.8	42.4	46.5	12.0	20.0	26.6
Operating Expenses	1,691	2,421	3,746	5,685	5,764	6,997	8,991
- YoY Growth (%)	55.8	43.2	54.7	51.8	1.4	21.4	28.5
Pre - Provision Profit	2,068	2,799	3,688	5,207	6,433	7,635	9,531
- YoY Growth (%)	55.5	35.3	31.7	41.2	23.5	18.7	24.8
Prov. & Cont.	815	1,160	1,407	1,908	2,144	1,859	1,768
- YoY Growth (%)	132.2	42.4	21.2	35.6	12.4	(13.3)	(4.9)
Profit Before Tax	1,254	1,639	2,281	3,299	4,289	5,776	7,763
- YoY Growth (%)	28.0	30.7	39.2	44.6	30.0	34.7	34.4
Prov. for Taxation	383	497	691	1,054	1,340	1,848	2,484
- as a % of PBT	30.5	30.3	30.3	32.0	31.3	32.0	32.0
PAT	871	1,141	1,590	2,245	2,949	3,928	5,279
- YoY Growth (%)	30.8	31.1	39.3	41.2	31.3	33.2	34.4

**Balance sheet**

Y/E March (₹ cr)	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E
Share Capital	313	319	354	425	458	458	458
Reserve & Surplus	4,986	6,114	11,143	14,627	21,065	24,085	28,137
Deposits	55,797	68,298	100,769	142,812	167,404	212,604	276,385
- Growth (%)	53.5	22.4	47.5	41.7	17.2	27.0	30.0
Borrowings	2,858	2,815	4,595	2,686	6,563	7,455	9,536
Tier 2 Capital	1,702	3,283	3,249	16,474	19,046	23,237	27,884
Other Liab. & Prov.	7,850	10,407	13,067	6,246	7,923	8,263	10,799
<b>Total Liabilities</b>	<b>73,506</b>	<b>91,236</b>	<b>133,177</b>	<b>183,271</b>	<b>222,459</b>	<b>276,102</b>	<b>353,198</b>
Cash Balances	3,307	5,182	12,553	13,527	15,483	14,882	20,729
Bank Balances	3,612	3,971	2,225	3,979	14,459	8,283	10,596
Investments	28,394	30,565	49,394	58,818	58,608	76,893	93,322
Advances	35,061	46,945	63,427	98,883	125,831	166,096	215,925
- Growth (%)	37.1	33.9	35.1	55.9	27.3	32.0	30.0
Fixed Assets	855	967	1,175	1,707	2,123	2,556	3,171
Other Assets	2,277	3,605	4,403	6,357	5,955	7,391	9,455
<b>Total Assets</b>	<b>73,506</b>	<b>91,236</b>	<b>133,177</b>	<b>183,271</b>	<b>222,459</b>	<b>276,102</b>	<b>353,198</b>
- Growth (%)	42.7	24.1	46.0	37.6	21.4	24.1	27.9

**Ratio analysis**

Y/E March	FY06	FY07	FY08	FY09	FY10	FY11E	FY12E
<b>Profitability ratios (%)</b>							
NIMs	4.3	4.7	4.9	4.9	4.3	4.4	4.4
Cost to Income Ratio	45.0	46.4	50.4	52.2	47.3	47.8	48.5
RoA	1.4	1.4	1.4	1.4	1.5	1.6	1.7
RoE	17.7	19.5	17.7	16.9	16.1	17.1	19.9
<b>B/S ratios (%)</b>							
CASA Ratio	55.4	57.7	54.5	44.4	52.0	52.2	51.2
Credit/Deposit Ratio	62.8	68.7	62.9	69.2	75.2	78.1	78.1
CAR	11.4	13.1	13.6	13.8	15.7	15.1	14.9
- Tier I	8.6	8.6	10.3	9.3	12.0	10.4	9.6
<b>Asset Quality (%)</b>							
Gross NPAs	1.4	1.4	1.4	2.0	1.4	1.1	0.9
Net NPAs	0.4	0.4	0.5	0.6	0.3	0.2	0.1
Slippages	2.2	2.2	2.5	5.3	2.6	1.7	1.5
Loan Loss Prov. /Avg. Assets	0.6	0.8	0.9	1.0	1.0	0.7	0.5
Provision Coverage	69.5	69.2	67.1	68.4	78.4	83.6	89.4
<b>Per Share Data (₹)</b>							
EPS	27.8	35.7	44.9	52.8	64.4	85.8	115.3
ABVPS (75% cover.)	168.3	200.2	322.4	350.8	470.2	536.2	624.7
DPS	5.5	7.0	8.5	8.5	12.0	17.0	23.0
<b>Valuation Ratios</b>							
PER (x)	73.8	57.4	45.7	38.9	31.9	23.9	17.8
P/ABVPS (x)	12.2	10.2	6.4	5.8	4.4	3.8	3.3
Dividend Yield	0.3	0.3	0.4	0.4	0.6	0.8	1.1
<b>DuPont Analysis</b>							
NII	4.1	4.5	4.7	4.7	4.1	4.2	4.3
(-) Prov. Exp.	1.3	1.4	1.3	1.2	1.1	0.7	0.6
Adj. NII	2.8	3.1	3.4	3.5	3.1	3.5	3.7
Treasury	0.1	(0.1)	0.1	0.3	0.2	0.0	0.0
Int. Sens. Inc.	2.8	3.0	3.6	3.7	3.2	3.5	3.7
Other Inc.	1.9	1.9	1.8	1.9	1.7	1.6	1.6
Op. Inc.	4.7	4.9	5.4	5.7	5.0	5.1	5.3
Opex	2.7	2.9	3.3	3.6	2.8	2.8	2.9
PBT	2.0	2.0	2.0	2.1	2.1	2.3	2.5
Taxes	0.6	0.6	0.6	0.7	0.7	0.7	0.8
<b>RoA</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>
Leverage	12.7	14.0	12.5	11.9	11.1	10.8	11.8
<b>RoE</b>	<b>17.7</b>	<b>19.5</b>	<b>17.7</b>	<b>16.9</b>	<b>16.1</b>	<b>17.1</b>	<b>19.9</b>

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### Disclosure of Interest Statement

### HDFC Bank

1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

*Note: We have not considered any Exposure below ₹1 lakh for Angel, its Group companies and Directors*

<b>Ratings (Returns):</b>	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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